

WHITE RIVER SCHOOL DISTRICT No. 416
Pierce County, Washington
September 1, 1990 Through August 31, 1992

Schedule Of Findings

1. Internal Controls Over Associated Student Body Funds Need Improvement

Our audit of the Associated Student Body (ASB) Fund procedures at the high school revealed several areas where internal controls could be improved:

- a. The soft drink machine in the boy's locker room is supervised by one employee who controls 100 percent of the cycle, including purchasing, receiving, inventorying, and removing the money from the machine. Receipts are not turned in immediately or intact to the ASB bookkeeper.
- b. Receipts from popcorn sales during the basketball season have not been turned in to the ASB bookkeeper for several years. School employees used the money to buy popcorn supplies and to reimburse other school employees for travel expenses incurred during the football season.

State laws regulating the proper receipting and disbursing of public funds have been implemented for school districts by the Superintendent of Public Instruction through the *Washington Administrative Code* (WAC).

WAC 392-138-035 states in part:

All associated student body moneys, upon receipt, shall be transmitted intact to the direct depository bank and then to the county treasurer or directly to the county treasurer for deposit to the credit of the "associated student body program fund" of the school district . . . (Emphasis ours.)

WAC 392-138-050(3) states:

All disbursements from the associated student body program fund or any imprest bank account established thereunder shall have the approval of the appropriate governing body representing the associated student body. Supporting documentation of the vouchers shall bear evidence of approval by the associated student body governing body in accordance with associated student body bylaws.

District officials were unaware of the lack of internal controls over the soft drink machine operations. They were also unaware that employees were circumventing the receipting and disbursing policies and regulations of both the school district and the state of Washington.

As a result, the lack of internal controls increased the risk that receipts or product could be missing and not be detected in a timely manner. In addition, expenditures did not receive proper authorization from the district or the Associated Student Body.

We recommend:

- a. All moneys collected be counted and deposited with the ASB bookkeeper within 24 hours of receipt.
- b. All expenditures receive proper approval from the district and the Associated Student Body.
- c. Duties be changed to ensure that one individual does not perform 100 percent of the cycle.

2. The School District Should Adhere To Federal Regulations Regarding Competitive Foods Served During Meal Periods

The district is subject to federal regulations which prohibit the sale of competitive foods in food service areas during meal periods. We observed one soft drink machine operating during the lunch period at the high school. Lunchroom employees said it was never shut off. We also observed competitive foods being sold at the student store (located in the lunchroom area), including soda pop, candy, Italian sodas and espresso coffee.

Superintendent of Public Instruction (SPI) Bulletin No. 15-91 states, in part:

. . . Competitive foods means any foods sold in competition with the program to children in food service areas during the lunch period . . . The food service area is defined as any area on school premises in which . . . meals are either served or eaten . . . USDA considers competitive foods to be those of minimal nutritional value. These items include: soda water or carbonated beverages, . . . chewing gum; and certain candies, such as hard candy . . .

Food service personnel were aware of the restrictions on selling competitive foods. High school administration, however, did not enforce the ban on selling such foods. SPI has stated that failure to adhere to these regulations may result in the withholding of reimbursement until such time as the violation is corrected.

We recommend the district comply with the National School Lunch Program (CFDA 10.555) regulations regarding the selling of competitive foods.